



# HOUSE MAJORITY OFFICE

Representative Carlos Lopez – Cantera, Majority Leader

## SNAP SHOT

### ***Florida Retirement System***

#### ***CS/CS/HB 1405 Retirement by Rep. Workman***

The Florida House has appropriately examined ways in which the Florida Retirement System (FRS) can be modernized and improved to address current budget constraints. The goal of this approach has been to ensure employees receive the benefits they have earned and that future benefits are provided fairly and in a fiscally responsible manner.

#### ***Key Points:***

- Modestly increases retirement age for future employees to reflect the increasing longevity of the workforce.
  - For regular class, retirement age moves from 62 to 65, and years of service moves from 30 to 33.
  - For special risk class, retirement age moves from 55 to 60, and years of service moves from 25 to 30.
- Includes a 3% employee contribution to retirement plans.
  - The need for this reasonable adjustment is highlighted by the need to avoid layoffs and pay cuts to public employees.
  - Florida is currently one of the last remaining states in which the state is the sole contributor to employee pensions.
    - Modern public and private pension plans gradually have moved away from the idea of employers as the sole contributors to pension plans to reflect the changes in the workforce and overall economy.
- CS/CS/HB 1405 proposes to close the Deferred Retirement Option Program (DROP).
  - The immense budgetary pressure the state is under highlights the need to seriously reexamine the DROP program.
    - It is not reasonable for the State to pay out retirement benefits with 6.5% annual interest and a 3% Cost of Living Adjustment (COLA) while at the same time employing and maintaining these individuals on state payrolls.
- Contrary to other suggestions and proposals, **HB 1405 DOES:**
  - Preserve the defined benefit option of FRS.
  - Maintain the Cost of Living Adjustment (COLA) for all retirees.
  - Maintain the retiree health insurance subsidy for all retirees.
  - Maintain the current disability benefits for all retirees.

#### **LAST SEEN:**

**CS/CS/HB 1405  
passed out of the  
State Affairs  
Committee on  
March 24, 2011.**



#### **CURRENTLY IN:**

**Appropriations Committee  
Chair Grimsley  
850-488-3457**



#### **HEADED TO:**

**If reported  
favorably,  
CS/CS/HB 1405  
will be released  
to the calendar.**